

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE
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POSEY COUNTY REASSESSMENT ORDER

The Department of Local Government Finance (Department) passed Resolution 2007-02 on July 25, 2007, pursuant to Ind. Code § 6-1.1-4-9, finding sufficient cause to believe it necessary to reassess real property in Posey County, Indiana (Posey County).

The Department published notice of a public hearing in accordance with Ind. Code § 6-1.1-4-10, and held a public hearing regarding the reassessment on August 20, 2007, in the Commissioners Room, Hovey House, 330 Walnut Street, Mount Vernon, Indiana.

After thorough review of all evidence and testimony before the Department, the Department now makes the following findings regarding the need for reassessment of real property in Posey County as of the March 1, 2006, assessment date:

WHEREAS, the Department is charged with maintaining a just and equitable valuation of real property throughout the state; and

WHEREAS, the Department finds the accurate assessment of real property to be an indispensable requirement for a fair and equitable system of property taxation; and

WHEREAS, Ind. Code § 6-1.1-31-5 states that the rules adopted by the Department are the basis for determining the true tax value of tangible property; and

WHEREAS, Ind. Code § 6-1.1-31-5 requires county assessors to comply with the rules, appraisal manuals, bulletins, and directives adopted by the Department; and

WHEREAS, Ind. Code § 36-2-15-5 requires that county assessors perform the functions assigned by statute to the county assessors; and

WHEREAS, the Department has adopted 50 IAC 21, an administrative rule that requires the annual adjustment of all real property values in accordance with Ind. Code § 6-1.1-4-4.5 beginning with the March 1, 2006, assessment date; and

WHEREAS, it was the statutory responsibility of the assessing officials in Posey County to apply the annual adjustment standards of 50 IAC 21 to real property in Posey County; and

WHEREAS, a county-wide analysis of gross assessed values on all classes of commercial parcels revealed that ninety-seven percent (97%) of these parcels had no change in assessed values from the 2005 assessment year to the 2006 assessment year; and

WHEREAS, a county-wide analysis of gross assessed values on all classes of industrial parcels revealed that ninety-seven (97%) of these parcels had no change in assessed values from the 2005 assessment year to the 2006 assessment year; and

WHEREAS, A county-wide analysis of gross assessed values on all classes of residential parcels revealed that twenty-eight (28%) of these parcels had no change in assessed values from the 2005 assessment year to the 2006 assessment year. In addition, another thirty-nine percent (39%) of residential parcels increased less than 10% from the 2005 assessment year to the 2006 assessment year; and

WHEREAS, recognized statistical measures show that the assessing officials failed in their statutory duty to properly apply the annual adjustment rule, including the following problems:

- The uniformity of assessments on improved residential property assessments in Center and Robinson townships were outside the acceptable range required by 50 IAC 21; and
- There was one (1) sale reported for unimproved commercial property county-wide. No evidence was submitted before or during the reassessment hearing to show that other information, as specified in 50 IAC 21-5-2(b), was utilized in the annual adjustment process; and
- There were five (5) reported sales for improved industrial property county-wide and the accuracy of these assessments was outside of the acceptable range required by 50 IAC 21. No evidence was submitted before or during the reassessment hearing to show that other information, as specified in 50 IAC 21-5-2(b), was utilized in the annual adjustment process; and
- There was one (1) sale reported for unimproved industrial property county-wide and the accuracy of this assessment was outside of the acceptable range required by 50 IAC 21. No evidence was submitted before or during the reassessment hearing to show that other information, as specified in 50 IAC 21-5-2(b), was utilized in the annual adjustment process; and
- Administrative law requires townships with fewer than twenty-five (25) parcels in a particular class to be considered with a grouping of similar properties in other townships; and

WHEREAS, it is the judgment of the Department that reassessment is necessary to correct these and other problems with Posey County's valuations for the March 1, 2006, assessment date; and

WHEREAS, the Posey County Assessor (County Assessor) has requested that the Department allow Posey County to utilize the services of the professional appraisal firm that it currently employs to perform the reassessment; and

WHEREAS, the professional appraiser currently employed by the County Assessor is certified as a professional appraiser under the requirements of Ind. Code § 6-1.1-31.7 and 50 IAC 15-4-1; and

WHEREAS, the Department has concluded based on the evidence that the reassessment of Posey County will proceed more efficiently if the County Assessor utilizes a certified professional appraiser to perform the reassessment subject to supervision by the County Assessor and the Department; and

WHEREAS, the 2007 budget order for Posey County, which will certify the budgets, tax rates and tax levies for each taxing unit in the County, has not been certified by the Department to Posey County officials; and

WHEREAS, the reassessment of Posey County will cause a variety of problems and delays for taxpayers and for governmental units funded by property tax revenue; and

WHEREAS, it is necessary for the Posey County Treasurer to collect property taxes in some amount in order to provide funding for local government; and

WHEREAS, it is an appropriate and practical solution to allow most taxpayers to pay their 2007 property taxes in installment amounts based on their 2006 tax bills until such time as the reassessment is completed; and

WHEREAS, the reassessment of Posey County will create some unique tax and billing issues that will need to be addressed in the Department's reassessment order.

In light of the above findings, and the need for accurate and equitable assessment of real property in Posey County, the Department hereby ORDERS:

Reassessment Order

1. The County Assessor shall reassess all commercial and industrial real property in Posey County for the March 1, 2006, assessment date subject to approval by the Department. In addition, at the option of the County Assessor, the County Assessor may conduct a reassessment of all residential property. Any reassessment under this order shall not require full-scale reassessment activities normally associated with a general reassessment such as physical inspection of every property. The actions required for a reassessment under this order are explained in detail below.

2. The reassessment of real property shall be completed by December 31, 2007, and assessed values shall be rolled to the County Auditor by January 31, 2008.

3. The valuation date for purposes of this reassessment shall be January 1, 2005. The effective date of the reassessment shall be March 1, 2006.

4. The Department reserves the right to examine, review, and reject any work product of the County Assessor at any time during the reassessment. The County Assessor shall meet with the Department and provide a status report within sixty (60) days of the date of this order. The County Assessor shall meet with the Department each month, and provide a status report thereafter, and any such other dates as the Department may prescribe.

5. The County Assessor shall promptly provide any assistance requested by the Department and shall produce any documents, records, or other work product within three (3) calendar days of a written request by the Department.

6. The township assessors in Posey County shall promptly provide any assistance requested by the Department or the County Assessor and shall produce any documents, records, or other work product within three (3) calendar days of a written request by the Department or the County Assessor.

Authority to Retain a Professional Appraisal Firm

7. The reassessment of commercial and industrial real property shall be completed in an expedited manner, and in consideration of the schedule contained in this order, the Department orders that the County Assessor utilize a certified professional appraiser to perform the reassessment of commercial and industrial real property. The County Assessor may either utilize the current certified professional appraiser contracted by her office or retain a new certified professional appraiser to perform the reassessment, subject to the approval of the Department. All work conducted by a certified professional appraiser is subject to the approval and supervision of the Department.

8. The County Assessor, in her discretion, may retain a certified professional appraiser to perform the reassessment of residential property, subject to the approval and supervision of the Department.

9. If the County Assessor chooses to retain a new certified professional appraiser to perform a reassessment under this order, the Department expressly authorizes her to retain a certified professional appraisers to perform the reassessment through Special Procurement and without employing the provisions of Ind. Code § 6-1.1-4-17. A contract between the County Assessor and a certified professional appraiser shall be reviewed for approval by the Department under Ind. Code § 6-1.1-4-18.5.

10. Any professional appraisers retained by the County Assessor shall use as much information as already has been compiled by the assessing officials as is useful in completing the reassessment.

11. In this order, any reference to the County Assessor shall be interpreted to include reference to any certified professional appraisers that may be retained by the County Assessor.

Scope of Work – Land Valuation

12. The County Assessor shall evaluate all non-residential real property land values.
13. The County Assessor shall use the methodologies approved by the Department in 50 IAC 2.3 and 50 IAC 21 to make a determination in regard to the accuracy of current land values. If sufficient sales data is not available, the County Assessor may use any information authorized under 50 IAC 21-5-2(b).
14. The County Assessor is required to establish new land base rates if the existing base rates are inaccurate.
15. The County Assessor shall review the allocation of Primary land, Secondary land, Usable Undeveloped land, and Unusable Undeveloped land and make any changes that are necessary to reach accurate land values.
16. The reassessment of land values shall not be considered complete until the Department has reviewed the proposed land values and provided written approval of a sales ratio study for each township.

Scope of Work – Neighborhood Evaluation

17. The County Assessor shall use current GIS maps, if available, and other information to review neighborhood boundaries and refine, develop, modify, or delineate assessment neighborhood boundaries to reflect comparable properties and property use groups. In order to accomplish this review, the County Assessor shall be granted access to any such GIS maps or other information necessary.

Scope of Work –Residential Properties

18. If the County Assessor elects under paragraph 1 to reassess residential property, the County Assessor shall review and adjust residential land values in accordance with the process described below. Paragraphs 19 through 21 only apply if the County Assessor makes such an election under paragraph 1.
19. A review of the initial March 1, 2006, annual adjustment analysis shall be completed in order to identify and create new neighborhoods to stratify sales data so that each neighborhood meets the statistical requirements of 50 IAC 21.
20. The County Assessor shall review and adjust the assessments of all improved residential properties.
21. In reviewing and adjusting improved residential properties, the County Assessor must use assessment methodology approved by the Department in either 50 IAC 2.3 or 50 IAC 2.

Scope of Work – Cost Approach

22. The County Assessor shall develop an annual adjustment factor for all non-residential properties using updated cost and depreciation tables that reflect property values for January 1, 2005, and shall apply the factor to either the individual components or the overall improvement value.

23. The annual adjustment factors developed under the cost approach must be approved in writing by the Department before they are applied to the value of any property. If the Department rejects the annual adjustment factors, the County Assessor shall develop new factors.

Scope of Work – Sales Approach

24. The County Assessor shall evaluate the validity of each sale from the 2004 and 2005 sales disclosure file database, and where applicable, generate and apply an annual adjustment factor calculated for all non-residential property.

25. The annual adjustment factors developed under the sales approach must be approved in writing by the Department before they are applied to the value of any property. If the Department rejects the annual adjustment factors, the County Assessor shall develop new factors.

Scope of Work – Reconciliation of Cost and Sales Approaches

26. Once the factors have been determined under the cost approach and sales approach, those factors shall be compared and reconciled in accordance with generally accepted appraisal practices to develop a final annual adjustment factor for each non-residential property.

27. The final annual adjustment factors developed under the cost and sales approaches must be approved in writing by the Department before they are applied to the value of any property. If the Department rejects the annual adjustment factors, the County Assessor shall develop new factors.

28. Once the final annual adjustment factors have been developed by the County Assessor, the County Assessor shall provide a report for data entry into a CAMA system. Once the final annual adjustment factors have been developed by the County Assessor, the county Assessor shall ensure that the data is entered into a CAMA system, either by the assessing officials or otherwise.

Scope of Work – Income Approach

29. The County Assessor may use the income approach to develop assessed values for non-residential properties as she deems appropriate. Any assessment changes resulting from application of the income approach must be approved in writing by the Department before they are applied to the value of any property.

30. If the Department rejects the income approach assessed values, the County Assessor shall develop assessed values for those properties using the cost and sales approaches. The final annual adjustment factors developed under the cost and sales approaches must be approved in writing by the Department before they are applied to the value of any property. If the Department rejects the annual adjustment factors, the County Assessor shall develop new factors.

Scope of Work – Final Ratio Study

31. Once all non-residential real property has been reviewed and final annual adjustment factors have been applied, a sales-assessment ratio study shall be completed by the County Assessor.

32. The final ratio study shall be performed using the methods or combination of methods acceptable under the Standard on Ratio Studies published by the International Association of Assessing Officers (“IAAO”) or other acceptable appraisal methods approved by the Department in 50 IAC 21.

Final Review and Approval by the Department

33. The Department shall review the final ratio study to determine whether the reassessment work has resulted in accurate and equitable assessments in all classes of property.

34. If the Department finds errors in the accuracy or equity of assessment, the Department may reject the proposed assessments and direct the County Assessor to take any corrective action the Department deems necessary to achieve accurate and equitable assessments.

Property Tax Billing and Payment Issues

35. The assessed values determined after the reassessment is complete will be effective for the 2006 payable 2007 year. These assessed values have a direct impact on the calculation of the 2007 certified tax rates for Posey County, which are still pending Department approval. The Department cannot certify the 2007 tax rates for Posey County until the reassessment is complete. However, in order to generate revenue for the taxing units in Posey County, it is necessary for the county to issue tax bills.

36. Except as otherwise stated in ¶¶ 39-46 below, taxpayers in Posey County are required to pay only the amount of their 2006 bills (for the March 1, 2005 assessment date) for the 2007 spring and fall installments until the reassessment is completed and bills are issued based on new values established by reassessment (called "reconciliation bills" in this order). The Posey County Treasurer shall issue one set of bills bearing the amount of each taxpayer's 2006 spring and fall obligation (called "combined bills" in this order), except as otherwise stated in this order. Any overpayment remaining after the reconciliation bill shall be refunded to the taxpayer.

37. Payments for the combined bills shall be mailed no later than December 15, 2007.

38. The reconciliation bills shall be mailed no later than April 14, 2008. Payments for the reconciliation bills shall be due on April 30, 2008.

39. If a property is subject to a valid homestead or other deduction for the 2006-pay-2007 tax year, but was not subject to a homestead or other deduction for the 2005-pay-2006 tax year, the taxpayer shall be allowed to pay the lesser of the 2005-pay-2006 or 2006-pay-2007 bill. The taxpayer will be additionally liable to pay the amount of any reconciliation bill after reassessment is completed.

40. If a taxpayer's 2005-pay-2006 bill was for vacant land or land with construction-in-process, and the taxpayer's 2006-pay-2007 bill for the same parcel includes a completed improvement, the taxpayer shall pay on 2006-pay-2007 value of their property multiplied by the 2006 net tax rate. The taxpayer shall further be liable to pay the amount of any reconciliation bill after reassessment is completed and new tax rates are established.

41. Taxpayers owing property tax on mobile homes or on business personal property shall be obligated to pay based on the 2006-pay-2007 value of their property multiplied by the 2006 net tax rate. Such taxpayers shall further be liable to pay the amount of any reconciliation bill after reassessment is completed and new tax rates are established.

42. When a parcel that was a single parcel for the 2005-pay-2006 assessment has been divided into two or more parcels for the 2006-pay-2007 assessment, the taxpayer shall pay an amount consisting of the 2006-pay-2007 assessed value multiplied by the 2005-pay-2006 net tax rate. Such taxpayers shall further be liable to pay the amount of any reconciliation bill after reassessment is completed and new tax rates are established.

43. When parcels that were separately assessed for the 2005-pay-2006 assessment have been combined into a single parcel for the 2006-pay-2007 assessment, the taxpayer shall pay an amount equal to the total 2005-pay-2006 property tax bills for all of the parcels that have been combined. Such taxpayers shall further be liable to pay the amount of any reconciliation bill after reassessment is completed and new tax rates are established.

44. For common areas billed to homeowners associations in 2005-pay-2006 that are now attributed fractionally to individual parcel owners, no amount is to be paid by the homeowners association or individual parcel owners under this reassessment order. This obligation will be addressed in reconciliation bills.

45. If a property is subject to a valid total or partial tax exemption for the 2006-pay-2007 tax year, but was not subject to a tax exemption for the 2005-pay-2006 tax year, the owner of the property shall be allowed to pay the lesser of the 2005-pay-2006 or 2006-pay-2007 bill.

46. The Posey County Treasurer may send fall bills in 2007 reflecting corrections of errors on 2006 assessments and bills (applying 2006 rates).

47. Because calculation of assessments for the March 1, 2007, assessment date requires valid and accurate assessments for the March 1, 2006, assessment date, and no such valid and accurate assessments exist, the County Assessor shall direct the assessing officials and/or the certified professional vendor in Posey County to work on establishing assessments for the March 1, 2007, assessment date or to perform such other tasks as she may direct.

48. Payments by the Posey County Treasurer to local governmental units shall be treated as advancements, not distributions, until new tax rates have been certified based on the reassessment. Any advancement under this section shall be addressed in the manner consistent with the standard practices of the Auditor of State. No abstract shall be due until after new tax rates and assessed valuations have been certified.

49. The Posey County Auditor and Posey County Treasurer shall be allowed to compute and levy any special assessments otherwise allowed by law during the reassessment period.

Requirement of Reconciliation Bill and Notice of Change in Assessment

50. The Posey County Treasurer shall mail a reconciliation bill on each and every parcel in the county upon completion of the reassessment. This reconciliation billing is required even if the taxpayer does not owe additional taxes or is entitled to a refund or credit. A notification of change in assessment must be sent as required by Ind. Code § 6-1.1-4-22 (commonly referred to as a "Form 11") in order to establish appeal rights for each taxpayer. This notice of change in assessment is required even if the taxpayer's assessment did not change or decreased in value. A taxpayer shall have forty-five (45) days from the date the reconciliation bill and notice is mailed to appeal the assessed value developed during the reassessment.

51. The reconciliation bills and the notifications of change in assessment required in Ind. Code § 6-1.1-4-22 must be mailed on the same day.

Assessment Appeals

52. All assessment appeals for the March 1, 2006, assessment date shall be stayed pending the completion of the reassessment. Any exemption appeals that may be pending shall continue to be processed according to Indiana law.

53. Upon conclusion of the reassessment, the County Assessor shall implement a procedure for promptly contacting taxpayers that had filed an appeal before the mailing of the

reconciliation bill to determine whether the taxpayer wishes to pursue the previously filed appeal. If the taxpayer chooses to pursue the appeal, it shall be processed in accordance with Ind. Code § 6-1.1-15. If the taxpayer chooses to withdraw the appeal, the County Assessor shall confirm this fact in writing and dismiss the appeal petition.

54. Any assessment appeals filed from the reconciliation bills after completion of the reassessment shall be processed in accordance with Ind. Code § 6-1.1-15.

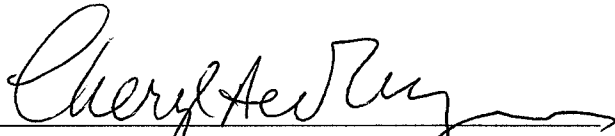
Cost of Reassessment

55. Pursuant to Ind. Code § 6-1.1-4-29(a), all costs of the reassessment of real property in Posey County for the March 1, 2006, assessment date under the terms set forth in this order shall be paid from county funds. The County Auditor shall issue warrants for the payment of reassessment expenses. No prior appropriations are required in order for the auditor to issue warrants.

56. The Department estimates that the total cost of the reassessment of real property in Posey County for the March 1, 2006, assessment date under the terms set forth above shall not exceed two hundred thousand dollars (\$200,000.00). In accordance with Ind. Code § 6-1.1-4-29(b), the County Assessor, the Posey County Property Tax Assessment Board of Appeals, and the County Auditor may not exceed the amount so estimated by the Department.

57. Nothing in this order shall preclude the county's fiscal authorities from appropriating, reappropriating, transferring or spending funds for assessment or assessment-related purposes.

SO ORDERED this 29th day of August, 2007.

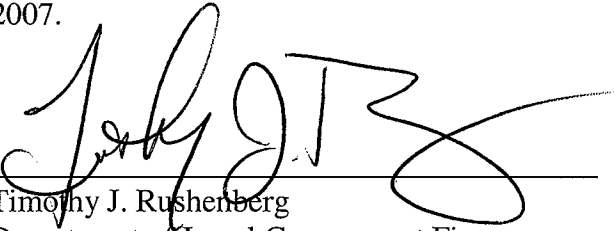


Cheryl A.W. Musgrave, Commissioner
Department of Local Government Finance

STATE OF INDIANA
DEPARTMENT OF LOCAL GOVERNMENT FINANCE

I, Timothy J. Rushenberg, General Counsel for the Department of Local Government Finance, do hereby certify that the above is a full, true, and complete copy of the order of the Commissioner made this date in the above-entitled matter.

WITNESS MY HAND AND SEAL of the Commissioner on this 29th day of August, 2007.



Timothy J. Rushenberg
Department of Local Government Finance

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